

Larry E. Craig, Chairman  
Jade West, Staff Director

Editor, Judy Gorman Prinkey

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## **S. 2593 – Department of Defense Appropriation Bill for FY 2001**

Calendar No. 563

Reported as an original bill from the Committee on Appropriations on May 18, 2000, by a unanimous vote of 28-0. S. Rept. 106-298.

### **NOTEWORTHY**

- The Senate likely will begin consideration of S. 2593 following consideration of S. 2549.
- S. 2593 provides \$287.63 billion in new spending authority for the Department of Defense for FY 2001, consistent with the budget authority and outlay limits established in the 302(b) allocation. The bill provides nearly \$20 billion more than was appropriated for FY 2000 and is \$3.11 billion above the President's request of \$284.52 billion. The Appropriations Committee's allocation is roughly \$1 billion less than the amount made available in the Senate reported Defense Authorization bill.
- S. 2593 follows closely the authorizations provided in S. 2549, the FY 2001 National Defense Authorization Act. Specifically, S. 2593: fully funds a 3.7-percent pay raise for military personnel beginning January 1, 2001, as well as fully funds newly authorized increases in recruiting and retention benefits; strengthens the Joint Strike Fighter program by significantly increasing funds for Demonstration/Validation, while removing funds for Engineering, Manufacture and Development; adds funds for several missile defense programs; provides an additional \$250 million for the Army's Transformation Initiative, and appropriates \$137 million to provide a pharmacy benefit for military retirees.
- The bill also provides \$4.1 billion for overseas contingency operations in Southwest Asia, Kosovo, and Bosnia, and \$1.3 billion for environmental restoration.
- The House passed its bill, H.R. 4576, on Wednesday, June 7, by a vote of 367-58.

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## BACKGROUND

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S. 2593 makes appropriations for the military functions of the Department of Defense (DoD) for the period October 1, 2000, through September 30, 2001. Functional areas include the pay, allowances, and support of military personnel, operation and maintenance of the forces, procurement of equipment and systems, and research, development, test, and evaluation. Appropriations for military assistance, military construction, family housing, nuclear weapons programs, and civil defense are provided in other bills.

The Subcommittee on Defense Appropriations began hearings on the FY 2001 budget request on March 1, 2000, and concluded them on May 3, 2000, after eight separate sessions.

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## BILL PROVISIONS

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### Title I – Military Personnel

Funds appropriated under this title provide for basic pay, retired pay accrual, employer's contribution for Social Security taxes, basic allowance for housing, basic allowance for subsistence, special and incentive pays, permanent change of station travel, and other personnel costs for uniformed members of the Armed Forces.

- The President's budget requested a total of \$75.80 billion for **military personnel** appropriations. The Committee added \$15.8 million to this request, for a total appropriation of \$75.82 billion.
- The Committee recommends funding an **Active Component end strength** of 1,381,600, the same as the budget estimate.
- The **Reserve Component end strength** is funded at a level of 865,868, an increase of 168 to the budget estimate (58 for the Marine Corps Reserve; 88 more for the Army National Guard; and 22 more for the Air National Guard).
- The Committee increased **end-strengths for full-time support of the Reserve and Guard** by 606, adding 58 more Marine Corps Reserve personnel; 526 more Army National Guard personnel and 22 more Air National Guard personnel.
- S. 2593 includes increased funding for each active duty service for **enlistment bonuses, selective reenlistment bonuses, pay, and allowances.**

## **Title II – Operation and Maintenance (O&M)**

- **Operation and Maintenance (O&M) appropriations** provide the resources required by the U.S. Armed Forces, and supporting defense agencies, to prepare for and conduct combat operations, and other peace time missions. These funds are used to purchase fuel and spare parts for training operations, pay supporting civilian personnel, and purchase supplies, equipment, and service contracts for the repair of weapons facilities. The bill provides a total of \$96.72 billion for O&M, which is \$441 million above the President's request.
- Despite concerns of the Committee expressed in Senate reports and law, the Office of the Secretary of Defense (OSD) has failed to provide adequate oversight of the planning, programming, and budgeting for contingency operations. Specifically, the Committee created the **Overseas Contingency Operations Transfer Fund (OCOTF)** to provide ample resources for the conduct of unforeseen contingencies, thereby protecting the resources provided for training and combat readiness. Although the budget request for FY 2001 foresees ongoing patrolling, policing, and peacekeeping activities, the Committee criticizes OSD for abdicating oversight responsibilities for OCOTF. And although the Quadrennial Defense Review presented several alternatives for the funding of peacekeeping operations, none of these was explored by the OSD. Therefore, the Committee directs the DoD to provide it and the General Accounting Office reports identifying contingency-related expenses no later than 30 days after the end of each month for which contingency costs are incurred.
- The bill provides \$4.1 billion for the **Overseas Contingencies Operations Transfer Fund**, for overseas contingency operations in Southwest Asia, Kosovo, and Bosnia, as requested.
- A total of \$1.3 billion is provided for **Environmental Restoration**, which includes a \$45 million increase specifically to address environmental issues at formerly used defense sites (FUDS).
- The **Former Soviet Union Threat Reduction** account is funded at \$458.4 million, as requested in the budget estimate, with \$25 million of these funds to be used to support Russian nuclear submarine dismantlement and disposal activities begun in FY 1998.

## **Title III – Procurement**

- The President's budget requested \$59.27 billion for **procurement**. The Committee appropriates \$57.9 billion in new budget authority for procurement, \$1.37 billion below the budget request but \$4.91 billion above the FY 00 amount. However, an additional \$2.89 billion is transferred to a new "National Defense Airlift Fund" in Title V of the bill

to support C-17 procurement. This brings the procurement total to \$60.79 billion, an increase of \$1.52 billion over the request.

- The Committee recommendation for **Army aircraft procurement** adds funds to: increase procurement of utility helicopters; continue multiyear procurement of heavy attack helicopter upgrades; recapitalize the Army's Apache fleet helicopters; and purchase aviation radios.
- Specifically, the Committee recommends an addition of \$55.8 million for the purchase of **6 UH-60L model helicopters** and directs that six UH-60L's be made available to the Army National Guard.
- The Committee is encouraged by the desire of the Army Chief of Staff to transform the Army into a lighter, more responsive fighting force capable of deploying anywhere in the world in less time than ever before, and is further encouraged by the Army's desire to build a force which optimizes commonality of components and subsystems to reduce sustainment and logistical requirements. Therefore, the Committee adds \$100 million to the request for **Army Transformation**.
- An additional \$69 million is appropriated for the **Longbow Apache helicopter** program.
- A total of \$2.8 billion is appropriated to procure **42 F-18E/F fighters**.
- \$92 million is added to the budget request to refurbish **4 additional AV-8B aircraft**.
- \$2.7 billion is provided to procure **3 DDG-51 class destroyers**.
- An additional \$460 million is appropriated for advance procurement of the **LHD-8 amphibious assault ship**.
- For **Navy shipbuilding and conversion**, the Committee recommends \$11.61 billion, \$685 million less than the budget request. The Committee notes that the **LPD-17** program has experienced significant cost growth and schedule delay – with the current estimate on cost growth being \$285 million on the first four ships, and a schedule delay of 10 months on the lead ship. Due to these schedule and cost challenges, the Committee deferred the two LPD-17 class ships included in the budget request (\$1.49 billion). However, it also endorses the Marine Corps requirement for 12 LPD-17 ships. Therefore, \$285 million is appropriated for cost growth and \$200 million is provided for advance procurement of two LPD-17 class ships in FY 2002.
- **C-17 aircraft** procurement, advanced procurement, and interim contractor support is fully funded, at \$2.89 billion for 12 aircraft. However, the Committee transfers the C-17 program to the "National Defense Airlift Fund" account in Title V of the bill and appropriates all requested funds within this account.

- The Committee provides \$2.15 billion to procure 10 **F-22 fighters**.
- The Committee adds \$183 million to the budget request to procure 6 additional **F-16 aircraft**.
- An additional \$46 million is provided for advance procurement for one **Joint Surveillance Target Attack Radar System (JSTARS) aircraft**.
- The budget request did not include any money for **National Guard and Reserve dedicated equipment**; the Committee recommends a funding level of \$150 million for such equipment. The appropriation for this account includes direction for each Reserve or National Guard component commander to prepare and submit to the congressional defense committees a detailed assessment of that component's modernization priorities. The Committee maintains that the Reserves and National Guard should exercise control of funds provided for their modernization in this account. The separate submission of these assessments, directly from the components chiefs to the committees, will ensure that the Reserve and National Guard priorities are addressed in the allocation of this appropriation.

#### **Title IV – Research, Development, Test, and Evaluation (RDT&E)**

- The FY 2001 budget request for **research, development, test, and evaluation (RDT&E)** totaled \$37.86 billion. The Committee appropriated \$39.60 billion, an increase of \$1.74 billion or 4.5 percent, to the budget request.
- In adding \$92.4 million to the budget request for the **Airborne Laser (ABL) program**, the Committee notes the program's outstanding cost, schedule, and technical performance, as well as ABL's potential for ballistic missile defense.
- The Committee has strongly supported previous budget requests for the **Joint Strike Fighter (JSF) program**. This program holds the promise of delivering a low-cost, stealthy, joint service aircraft. The budget request included a total of \$261.10 to continue the JSF Demonstration/Validation (Dem/Val) effort, and \$595.50 million for the JSF Engineering and Manufacturing Development (EMD) program. Noting that the delayed start of the JSF Flight testing program may delay the initiation of flight tests of the Vertical Takeoff and Landing (VTOL) demonstrators until the March timeframe, while stating the belief that all the flight testing should be completed and fully evaluated prior to selection of a JSF EMD design, the Committee deleted all funds from the JSF EMD program elements. This action is consistent with action taken by the Senate Armed Services Committee, as reflected in the FY 2001 Defense Authorization Bill (S. 2549). The Committee provides a total of \$653.3 million for JSF Demonstration/Validation, allocated between the Navy and Air Force JSF Dem/Val program elements.
- The total appropriation for **ballistic missile defense programs** in this bill is \$4.8 billion. For RDT&E for national and theater ballistic missile defense systems and technologies,

the Committee appropriated \$4.35 billion, an increase of \$411 million to the budget request. The Committee also provided \$444 million, the requested amount, for procurement of ballistic missile defense systems and components.

- Of this BMDO funding:
  - \$60 million is added to the budget request for the **Navy Theater-Wide missile defense program**;
  - The **National Missile Defense program** is increased by \$139 million, for a total appropriation of \$1.88 billion.
- The Committee added \$200 million for **Remotely Controlled Tactical Systems**, consistent with the Senate Armed Services Committee's reported FY 2001 National Defense Authorization bill, S. 2549.
- A total of \$550 million is provided to fully fund the **DD-21** development program.

## **Title V – Revolving and Management Funds**

- The Committee recommends appropriations totaling \$4.2 billion for **revolving and management funds**. This account has an extra \$2.89 billion, in large part due to the transfer of C-17 aircraft acquisition to this title [See also discussion under Title III].

## **Title VI – Other Department of Defense Appropriations**

- Of the \$14.19 billion appropriated in this title, a total of \$12.13 billion is provided for the **defense health program**, including: an additional \$337 million for defense medical research programs; \$175 million for breast cancer research, \$100 million for prostate cancer research, and an additional \$137 million for the Senate Armed Services Committee's reported retiree pharmacy benefit.
- The Committee recommends an appropriation of \$979 million for the **"Chemical agents and munitions destruction, Army Defense"** account, a decrease of \$24 million from the budget estimate.
- The Committee recommends an appropriation of \$934 million for the **Counternarcotics and Drug Interdiction Program**, \$97 million more than the requested level.

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## **COST**

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The Congressional Budget Office (CBO) estimates that the defense discretionary amount of budget authority in this bill is \$287.4 billion, while the mandatory amount is \$216 million.

Projections of outlays associated with the recommendations are: 2001: \$188.097 billion; 2002: \$59.012 billion; 2003: \$31.179 billion; 2004: \$8.984 billion; 2005 and future years: \$4.126 billion.

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## **ADMINISTRATION POSITION**

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The Statement of Administration Policy was unavailable at press time.

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## **POSSIBLE AMENDMENTS**

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There were no known amendments at press time.

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Staff Contact: Dr. Yvonne Bartoli, 224-2946

# Comparative Statement, Defense Appropriations, Fiscal Year 2001

(In thousands of dollars)

<u>Item</u>	<u>FY 2000</u>	<u>Budget Estimate</u>	<u>Committee Recommendation</u>
Total, title I, Military Personnel	73,894,693	75,801,666	75,817,487
Total, title II, Operation and Maintenance (By transfer)	92,234,779 (150,000)	96,280,113 (150,000)	96,720,882 (150,000)
Total, title III, Procurement	52,980,714	59,266,603	57,896,122
Total, title IV, Research, Development, Test, and Evaluation	37,605,560	37,862,401	39,597,489
Total, title V, Revolving and Management Funds	807,544	1,304,434	4,195,357
Defense Health Program	11,154,617	11,600,429	12,130,179
Total, title VI, Other Department of Defense Programs	13,168,961	13,587,774	14,190,824
Total, title VII, Related agencies	410,115	385,581	460,281
Total, title VIII, General provisions	-3,350,006	32,000	-1,247,942
<b>GRAND TOTAL</b>	<b>267,752,360</b>	<b>284,520,572</b>	<b>287,630,500</b>

Note: The fiscal year 2000 enacted amounts in this chart do not include the fiscal year 2000 emergency supplemental funding passed by the Senate in the FY 2001 Military Construction Appropriations bill.